

News

U.S. Department of Labor
Bureau of Labor Statistics
1100 Main Street, Suite 600
Kansas City, Missouri 64105-2112



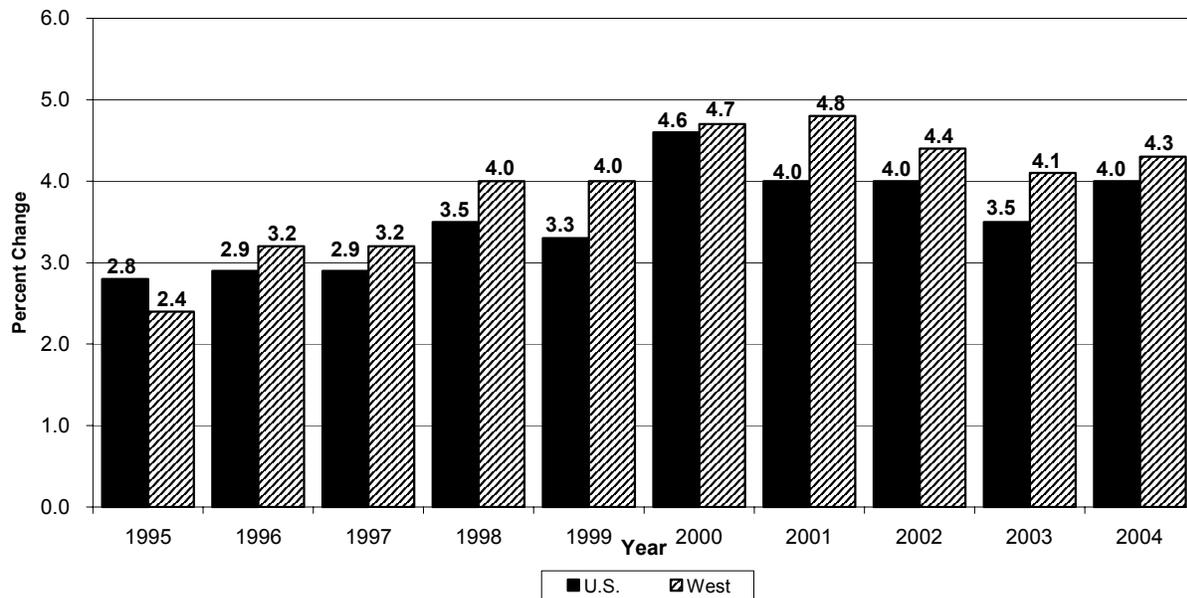
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FOR IMMEDIATE RELEASE

EMPLOYMENT COST INDEX FOR THE WEST -- JUNE 2004

In the West, private industry employer's costs for total compensation advanced 0.9 percent in the second quarter of 2004, reported the Bureau of Labor Statistics of the U.S. Department of Labor. Acting Regional Commissioner John Gordon said the West's quarterly advance matched increases in the Midwest and South, as well as the nation, which were all less than the three-month gain of 1.2 percent in the Northeast. Compared to a year ago, the West total compensation index increased 4.3 percent through June 2004. The West's increase matched or exceeded the other regions for the same twelve month period, with the Northeast at 4.3 percent, the South at 3.9 percent and the Midwest at 3.4 percent. Regional area Employment Cost Index (ECI) data are not seasonally adjusted. (Table 1.)

Employment Cost Index, Total Compensation, Private Industry for the United States and West Region, Annual Percent Change, June 1995-2004
(Not Seasonally Adjusted Data)



In the five-year span from June 1999 to June 2004, total compensation in the West rose 24.4 percent, compared to a 21.8 percent increase for the nation. During this same period, total compensation advanced 22.7 percent in the Midwest, 21.8 percent in the Northeast, and 19.3 percent in the South. (Table 3.)

Wages and Salaries

In private industry, wages and salaries exclusive of the cost of benefits advanced 0.7 percent in the West during the second quarter of 2004, matching the national average. This compares to a 1.0 percent increase for the Northeast over the three-month period. The South and the Midwest advanced 0.6 and 0.5 percent, respectively, from March to June.

For wages and salaries, the Northeast measured the highest annual gain (3.3 percent), while the West came in second at 2.9 percent. The South and Midwest rose 2.6 and 1.6 percent. The nation advanced an average of 2.6 percent since June of 2003. All regions experienced wage and salary gains smaller than the overall increase in total compensation costs.

Compensation and Consumer Prices

In the West, the 2.9 percent increase in wage and salary costs between June 2003 and June 2004 surpassed the 2.8 percent rise in the Consumer Price Index (CPI-U) for the West during this period. All other regions experienced a greater increase in the price of their consumer basket relative to increases in wages and salaries. (Table 2.)

Technical Note

The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. It includes measures of change in total compensation (wages and salaries plus the employer cost of employee benefits), wages and salaries, and benefits.

Benefits included in the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses such as lump-sum payments in lieu of wage increases); insurance benefits (life, health, sickness and accident, and long-term disability); retirement and savings benefits (defined benefit and defined contribution); legally required benefits (Social Security, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment insurance plans).

The ECI wage and salary series is limited to changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time earnings are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses incentive earnings, commission payments and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.

The ECI sample is rotated over approximately five years; this makes it more representative and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis.

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Table 1. Employment Cost Index for total compensation, wages and salaries, and benefits for private industry workers, United States and Census Regions. 1/ (Not seasonally adjusted data)

Region	Indexes (June 1989=100)			Percent Changes for 3 Months ended:			Percent Changes for 12 Months ended:		
	June 2003	March 2004	June 2004	June 2003	March 2004	June 2004	June 2003	March 2004	June 2004
Total Compensation 2/									
National.....	166.4	171.4	173.0	0.8	1.5	0.9	3.5	3.9	4.0
West.....	169.5	175.3	176.8	1.3	1.8	0.9	4.1	4.8	4.3
Northeast.....	165.2	170.2	172.3	0.9	1.4	1.2	3.3	3.9	4.3
South.....	161.6	166.4	167.9	0.6	1.5	0.9	2.5	3.6	3.9
Midwest 3/.....	170.4	174.7	176.2	0.8	1.3	0.9	4.8	3.4	3.4
Wages and Salaries									
National.....	160.4	163.4	164.5	0.7	0.7	0.7	2.6	2.6	2.6
West.....	163.1	166.8	167.9	1.1	1.0	0.7	2.8	3.4	2.9
Northeast.....	158.4	162.0	163.6	0.7	0.7	1.0	2.3	3.0	3.3
South.....	156.1	159.1	160.1	0.5	0.8	0.6	1.6	2.4	2.6
Midwest 3/.....	165.0	166.9	167.7	0.5	0.2	0.5	4.1	1.7	1.6
Benefits									
National.....	182.0	192.2	195.3	1.3	3.4	1.6	6.1	7.0	7.3

1/ Excludes self-employed, unpaid family members, private household employees and agriculture, forestry, fishing, and government employees.

2/ The index measures changes in compensation costs (wages, salaries, and employer cost for employee benefits).

3/ Formerly titled the North Central region.

NOTE: Fixed employment weights are used each quarter to calculate the national series. However, for the regional series the employment weights are reallocated each quarter based on the current sample. The indexes for the regional series, consequently, are not strictly comparable to the national series.

Table 2. Annual percent changes (June-June) in total compensation, wages and salaries, and benefits private industry workers. (Not seasonally adjusted data)

Region	Years									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Compensation 1/										
National.....	2.8	2.9	2.9	3.5	3.3	4.6	4.0	4.0	3.5	4.0
West.....	2.4	3.2	3.2	4.0	4.0	4.7	4.8	4.4	4.1	4.3
Northeast.....	3.1	2.4	2.6	2.9	3.3	4.3	4.1	4.0	3.3	4.3
South.....	2.9	2.8	2.9	3.7	3.2	4.3	3.8	3.5	2.5	3.9
Midwest 2/.....	2.7	3.0	3.1	3.6	2.9	4.9	3.5	4.2	4.8	3.4
Wages and salaries 1/										
National.....	2.9	3.4	3.3	4.0	3.6	4.1	3.8	3.6	2.6	2.6
West.....	2.5	3.2	3.3	4.3	4.2	4.4	4.5	3.8	2.8	2.9
Northeast.....	2.8	3.2	3.0	3.1	3.3	4.0	3.8	3.8	2.3	3.3
South.....	2.9	3.6	3.4	4.3	3.3	3.7	3.3	2.9	1.6	2.6
Midwest 2/.....	3.3	3.3	3.3	4.3	3.7	4.3	3.5	4.1	4.1	1.6
Benefits 1/										
National.....	2.6	1.7	2.0	2.6	2.5	5.7	4.8	5.1	6.1	7.3
Consumer Price Index CPI-U (1982-1984)=100										
National.....	3.0	2.8	2.3	1.7	2.0	3.7	3.2	1.1	2.1	3.3
West.....	3.2	2.5	2.2	2.0	2.5	3.6	4.4	1.4	2.0	2.8
Northeast.....	2.6	2.6	2.4	1.6	2.1	3.4	3.5	1.3	2.7	4.3
South.....	3.0	3.3	1.9	1.3	1.6	3.6	2.8	0.8	2.1	3.2
Midwest 2/.....	3.3	2.8	2.5	1.8	1.9	4.4	2.4	0.9	1.8	2.7
ECI Wages and Salaries Constant dollar 3/										
National.....	-0.2	0.6	0.9	2.3	1.6	0.3	0.5	2.5	0.5	-0.7
West.....	-0.6	0.7	1.0	2.3	1.7	0.8	0.1	2.4	0.8	0.2
Northeast.....	0.1	0.5	0.6	1.5	1.2	0.6	0.3	2.4	-0.4	-1.0
South.....	-0.1	0.3	1.5	2.9	1.7	0.1	0.4	2.1	-0.5	-0.6
Midwest 2/.....	0.0	0.4	0.8	2.5	1.8	-0.1	1.1	3.2	2.3	-1.1

1/ Compensation, Wages and Salaries, and benefits, as measured by the Employment Cost Index (ECI) for private industry.

2/ Formerly titled the North Central region.

3/ ECI for Wages and Salaries adjusted by the impact of the comparable CPI-U 1982-84=100.

Table 3. Comparative June to June percent changes in ECI, CPI-U, and Constant Dollars ECI for private industry workers. (Not seasonally adjusted data)

Region	Percent changes over:		
	One-Year	Five-Years	Ten-Years
Total Compensation 1/			
National.....	4.0	21.8	41.8
West.....	4.3	24.4	46.7
Northeast.....	4.3	21.8	40.3
South.....	3.9	19.3	39.0
Midwest.....	3.4	22.7	42.6
Wages and Salaries 1/			
National.....	2.6	17.8	39.3
West.....	2.9	19.8	42.4
Northeast.....	3.3	18.4	37.7
South.....	2.6	14.8	36.4
Midwest.....	1.6	18.9	41.8
Benefits 1/			
National.....	7.3	32.6	48.3
Consumer Price Index CPI-U (1982-84)=100			
National.....	3.3	14.1	28.2
West.....	2.8	14.9	29.8
Northeast.....	4.3	16.2	29.9
South.....	3.2	13.1	26.4
Midwest.....	2.7	12.8	27.3
ECI Wages and Salaries Constant Dollars /2			
National.....	-0.7	3.2	8.7
West.....	0.2	4.3	9.7
Northeast.....	-1.0	1.9	6.0
South.....	-0.6	1.5	7.9
Midwest.....	-1.1	5.4	11.4

1/ Compensation, wages and salaries, and benefits as measured by the Employment Cost Index (ECI) for private industry.

2/ ECI for Wages and Salaries adjusted by the impact of the CPI-U (1982-84)=100.

NOTE: The regional coverage is:

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.